

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** April 1, 2008  
**POSITION:** Neutral  
**SPONSOR:** State Treasurer, Bill Lockyer

**BILL NUMBER:** SB 1311  
**AUTHOR:** J. Simitian

### **BILL SUMMARY:** Pollution Control Financing Authority: Loans

Existing law provides for the California Pollution Control Financing Authority (CPCFA) to administer the California Capital Access Program (CalCAP) for the purpose of encouraging financial institutions to make loans to small businesses which are slightly outside of conventional underwriting standards. CPCFA is required to create a loss reserve account for each financial institution that participates in the program. The financial institution and the borrower each pay a premium of 2.0 percent to 3.5 percent of the loan to the loss reserve account and CPCFA matches the combined total contributed. Loss reserve funds receive interest or other income of which fifty percent may be withdrawn by the CPCFA and shall be used for the sole purpose of offsetting administrative costs of the program.

This bill would modify the fees contributed to loss reserve accounts by CPCFA to match the amount contributed by only the financial institution. Additionally, it would increase the amount from fifty percent to all of the interest or other income credited to loss reserve accounts that the authority may withdraw and use for the sole purpose of offsetting costs of the program, including administrative costs and loss reserve account contributions.

### **FISCAL SUMMARY**

The State Treasurer's Office estimates the provisions of this bill would make available an additional \$1.5 million annually for loans to small businesses. According to the CPCFA, any additional workload would be minor and absorbable.

### **COMMENTS**

The Department of Finance is neutral on this bill. It allows the CPCFA to continue to encourage financial institutions to make loans to small businesses which are slightly outside of conventional underwriting standards. The modification to existing law provides the CPCFA an opportunity to assist additional applicants to the program and provides for greater use of revenues.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO RV	PROP 98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Fund Code
0974/Poll Control	SO	No		-----	No/Minor	Fiscal Impact	-----		0930
<u>Fund Code</u>	<u>Title</u>								
0930	Pollution Control Financing Authority Fd								

Analyst/Principal (0190) O. Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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